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INFO OCT 01,EUR 17,CAB 09,CIAE 00,COM 08,DODE 00,DOT 12,INR 07,
NSAE 00,RSC 01,SS 20,NSC 10,L 03,H 02,P 03,PRS 05,USIA 12,IO 13,
RSR 01,/135 W

DEPARTMENT OF STATE A/CDO/MR
REVIEWED BY _____ DATE 25 MAY 1982
PDS☐ or XDT☐ EXTENDED UNTIL _____
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKING
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RELEASE DENIED☐
PA or FOI EXEMPTIONS 065190

P 221735Z SEP 69
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 2476

C O N F I D E N T I A L SECTION 1 OF 2 ROME 6058/1

SUBJECT: CIVAIR

REF: STATE 155984 AV4 IT-US

1. CHARGE' PRESENTED NEW MULTIPLE DESIGNATION PROPOSALS TO SANTINI MORNING SEPTEMBER 22 AS SCHEDULED. CHARGE' INDICATED THAT US HAD GIVEN FULL REEXAMINATION TO MULTIPLE DESIGNATION ISSUE, AS THIS APPEARED TO BE PRINCIPAL POINT ON WHICH DISAGREEMENT STILL EXISTED. WE HOPED THAT PROPOSAL WHICH HAD RESULTED FROM THIS REVIEW WOULD FORM BASIS FOR RESUMPTION OF FORMAL NEGOTIATIONS. CHARGE' URGED SANTINI TO GIVE PROPOSAL CAREFUL STUDY AND SAID HE WAS AVAILABLE FOR FURTHER DISCUSSION ANYTIME SANTINI DESIRED.

2. IN ANSWER TO INTRODUCTORY REMARK CONCERNING KEY NATURE OF MULTIPLE DESIGNATION ISSUE, SANTINI SAID THAT WHEN NEGOTIATIONS WERE SUSPENDED IN DECEMBER THIS WAS INDEED PRINCIPAL ISSUE, ALTHOUGH OTHER MATTERS STILL REMAINED TO BE SETTLED FINALLY. HE ALSO WONDERED WHETHER, EVEN IF MULTIPLE DESIGNATION PROBLEM SHOULD BE SETTLED, NEW PROBLEMS MIGHT NOT ARISE UNEXPECTEDLY AS THEY HAVE HAD A WAY OF DOING IN PAST. SPECIFICALLY, HE SAID HE HAD HEARD RUMORS THAT QUESTION OF SUPPLEMENTAL CARRIERS MIGHT BE BROUGHT UP AT SOME FUTURE POINT. WE REPLIED THAT WE HAD HEARD NOTHING ON THIS POINT. TO CHARGE'S REMARK THAT US AND ITALY SEEMED QUITE CLOSE ON MOST QUESTIONS EXCEPT MULTIPLE DESIGNATION, SANTINI

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AGREED AND THOUGHT THAT ON THESE OTHER MATTERS UNDERSTANDING COULD BE REACHED.

3. ON EXAMINING THREE PROPOSALS (WHICH WE PROVIDED IN ENGLISH AND IN ITALIAN TRANSLATION), SANTINI OFFERED A NUMBER OF COMMENTS WHICH HE STRESSED WERE HIS INITIAL AND PERSONAL REACTIONS.

4. SANTINI FIRST ASKED WHETHER PARA A REFERRED TO US SERVICES PRESENTLY BEING OPERATED OR WHETHER THEY REFERRED TO SERVICES WHICH WOULD BE OPERATED UPON CONCLUSION OF AGREEMENT. CHARGE' REPLIED THAT PARA REFERRED TO THOSE SERVICES ACTUALLY BEING OPERATED AT THIS TIME.

5. SANTINI SAID THAT PRESENT WORDING OF PARA B REPRESENTED NO CHANGE FROM LAST US OFFER, SINCE IT PERMITTED US TO DESIGNATE A CARRIER OR CARRIERS OF ITS OWN CHOOSING WITHOUT ANY REFERENCE TO EFFECT SUCH DESIGNATION MIGHT HAVE ON ECONOMIC BALANCE. HE POINTED OUT THAT ELEMENTS OF AGREEMENT UNDER DISCUSSION IN DECEMBER AND IN SUBSEQUENT INFORMAL CONTACTS ENVISAGED A RESULT WHICH WOULD ACHIEVE A BALANCE OF ECONOMIC INTERESTS. THUS, GRANTING OF ATLANTA-DALLAS AND LOS ANGELES TO ALITALIA WOULD REDRESS IMBALANCE WHICH HAS EXISTED IN RECENT YEARS. IF US PLACED A NEW CARRIER OR CARRIERS ON ATLANTA-DALLAS ROUTE, AND PARTICULARLY IF THAT CARRIER OR CARRIERS HAD BEYOND RIGHTS, BALANCE WOULD AGAIN BE SERIOUSLY UPSET.

6. CHARGE' INTERJECTED THAT WHILE A NEW CARRIER ON ATLANTA-DALLAS-ROME WAS THEORETICAL POSSIBILITY UNDER WORDING OF PARA B, DESIGNATION OF SUCH CARRIER WAS BY NO MEANS CERTAIN.

7. SANTINI SAID HE THOUGHT PROPOSAL MIGHT OFFER SOME BASIS FOR DISCUSSION IF THERE COULD BE LINKAGE BETWEEN PARA B AND PARA C. HE BELIEVED THAT IF WOULD BE DESIRABLE TO CHANGE PARA B BY ELIMINATING WORDS "OR CARRIERS" AND THEN ADDING ANOTHER SENTENCE (SIMILAR TO THAT IN PARA C) WHICH WOULD READ AS FOLLOWS: "IF A NEW CARRIER IS INVOLVED, THE US WOULD BE PREPARED TO CONSULT WITH THE ITALIAN GOVERNMENT FOR THE PURPOSE OF AGREEING ON APPROPRIATE COMPENSATION ON THE BASIS OF POSSIBLE ECONOMIC IMBALANCE." SANTINI SAID THAT HE WOULD HAVE NO OBJECTION IF WE WISHED TO USE A SOMEWHAT

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LESS "VENEL" EXPRESSION THAN "APPROPRIATE COMPENSATION" PROVIDED IT WAS UNDERSTOOD WE WERE PREPARED TO AGREE ON MEANS TO BRING AGREEMENT BACK INTO BALANCE.

8. CHARGE' SAID ELIMINATION OF WORDS "OR CARRIERS" MIGHT WELL CAUSE DIFFICULTIES BY ITSELF, WITHOUT EVEN COMMENTING ON REST OF SUGGESTED CHANGE. SANTINI REPLIED THAT HE WAS AGREEABLE TO KEEPING WORDS "OR CARRIERS" PROVIDED THE NEW SENTENCE AS ABOVE, SUITABLY CHANGED TO USE "NEW CARRIERS," WAS ADDED TO PARA B. SANTINI SAID THAT HE WAS, OF COURSE, REFERRING ONLY TO "NEW CARRIERS," SINCE ITALY HAS ALWAYS BEEN PREPARED TO TAKE CHANCE THAT ONE OF THREE EXISTING US CARRIERS MIGHT BE CERTIFIED FOR ATLANTA-DALLAS-ROME.

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FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 2477

C O N F I D E N T I A L SECTION 2 OF 2 ROME 6058/2

9. AMONG OTHER POSSIBILITIES FOR HANDLING ATLANTA-DALLAS PROBLEM, SANTINI SPECULATED ON POSSIBILITY THAT US MIGHT GIVE ITALY A TWO-OR THREE-YEAR MONOPOLY ON RUN OR, IF NEW CARRIER WERE DESIGNATED BY US, THAT CARRIER'S RIGHT MIGHT BE LIMITED TO ROME ONLY WITHOUT BEYONDS.

10. SANTINI CONCLUDED BY SAYING HE WOULD DISCUSS MATTER THOROUGHLY WITH HIS OWN STAFF, MINISTER OF TRANSPORT AND FOREIGN MINISTRY. HE WOULD LET US HAVE A RESPONSE AT TIME OF SECRETARY VOLP'S VISIT OR, HE ADDED AS AFTER-THOUGHT, PERHAPS EVEN EARLIER.

11. SANTINI DID NOT RAISE EITHER ALITALIA'S OUTSTANDING REQUEST FOR LOS ANGELES RIGHTS BEGINNING NOVEMBER 1 OR ALITALIA'S SEPTEMBER 19 PROPOSAL TO REDUCE ROME-NEW YORK ROUND-TRIP FARES.

12. COMMENT: SANTINI'S INITIAL REACTION APPEARS TO BE STEP FORWARD, IN THAT FOR FIRST TIME HE EXPRESSED WILLINGNESS TO NEGOTIATE POSSIBILITY OF ADMITTING AT LEAST A FOURTH US CARRIER INTO ITALY SERVICE. WHILE QUESTION OF COMPENSATION ADMITTEDLY REMAINS THORNY, POSSIBILITY OF NEGOTIATING THIS POINT IS NOW OPEN AND THERE MAY BE MORE FLEXIBILITY FOR RESUMPTION OF NEGOTIATIONS THAT DURING PERIOD WHEN ITALY FLATLY DECLINED TO CONSIDER ANY PROPOSAL WHICH WENT BEYOND PRESENT THREE US CARRIERS. IT IS ALSO INTERESTING THAT DURING MEETING WITH CHARGE' SEPTEMBER 19 TRANSPORT MINISTER

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GASPARI EMPHASIZED KEEN DESIRE BOTH HIS MINISTRY AND FOREIGN MINISTRY TO REACH EARLY AGREEMENT WITH US. HE SAID GOI WAS MOST ANXIOUS NOT TO HAVE CIVAIR QUESTION BECOME POLITICAL ISSUE WHICH WOULD BE AWKWARD FOR PRESENT GOVERNMENT. HE INDICATED THAT HE HAD ASKED SANTINI (WHO HAD SEEN GASPARI IMMEDIATELY PRIOR TO CHARGE') NOT TO ADOPT "STRONG POSITIONS" WITH VIEW TO MOVING AS QUICKLY AS POSSIBLE TOWARD AGREEMENT. GP-4.
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